



MISSOURI TIMBER PRICE TRENDS

October - December, 2011, Vol. 21 No. 4
Missouri Department of Conservation, Forestry Division

Statewide Stumpage Prices

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.	# of Rpts.
Veneer							
Walnut, Black	\$2,085	\$1,000	\$1,600	\$1,665	-	26 Int. - MBF	6
Sawlogs							
Hickory	\$70	\$70	\$70	\$185	\$70	- Int. - MBF	1
Mixed Hardwoods	\$85	\$60	\$75	\$220	\$130	466 Int. - MBF	3
Oak (mixed species)	\$125	\$125	\$125	\$165	\$85	623 Int. - MBF	1
Post Oak	\$100	\$100	\$100	-	\$75	12 Int. - MBF	1
Red oak (group)	\$140	\$140	\$140	\$140	\$190	56 Int. - MBF	1
Shortleaf Pine	\$55	\$55	\$55	\$200	-	- Int. - MBF	1
Soft Maple	\$250	\$250	\$250	\$140	-	173 Int. - MBF	1
Walnut, Black	\$775	\$500	\$645	\$415	\$935	57 Int. - MBF	7
White oak (group)	\$120	\$120	\$120	\$195	\$170	7 Int. - MBF	1

North Stumpage Prices

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.	# of Rpts.
Veneer							
Walnut, Black	\$2,085	\$1,000	\$1,600	\$1,665	-	26 Int. - MBF	6
Sawlogs							
Mixed Hardwoods	\$85	\$65	\$75	\$65	\$130	466 Int. - MBF	2
Soft Maple	\$250	\$250	\$250	\$140	-	173 Int. - MBF	1
Walnut, Black	\$775	\$625	\$680	\$415	-	46 Int. - MBF	6

Southwest Stumpage Prices

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.	# of Rpts.
Sawlogs							
Walnut, Black	\$500	\$500	\$500	-	\$935	11 Int. - MBF	1

Southeast Stumpage Prices

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.	# of Rpts.
Sawlogs							
Hickory	\$70	\$70	\$70	\$185	\$70	- Int. - MBF	1
Mixed Hardwoods	\$60	\$60	\$60	\$250	\$135	- Int. - MBF	1
Oak (mixed species)	\$125	\$125	\$125	\$165	\$85	623 Int. - MBF	1
Post Oak	\$100	\$100	\$100	-	\$75	12 Int. - MBF	1
Red oak (group)	\$140	\$140	\$140	\$190	\$190	56 Int. - MBF	1
Shortleaf Pine	\$55	\$55	\$55	\$200	-	- Int. - MBF	1
White oak (group)	\$120	\$120	\$120	\$195	\$180	7 Int. - MBF	1

Averages are based on received reports. Refer to the column headed “# of Rpts.” to get a gauge of how accurate the average prices may be. (“# of Rpts.” refers to the number of sales including a particular species and may sum to more than the number of sales.) Changes since last quarter and last year should be read with caution as the number of reports varies each year and quarter. This report can only be used as a general guide for determining market value of timber. General market and economic conditions, as well as local considerations such as accessibility, terrain, sale size, and tree size and quality also affect the price paid.

Please see the map at the end for a definition of reporting regions.

Note: All prices and volumes are reported in International ¼” MBF Scale. To convert to Int.-BF prices or volume, divide by 1,000. To convert volume from Int.-MBF to Doyle MBF, divide by 1.2. To convert prices from Int.-MBF to Doyle MBF, multiply by 1.2.

Foresters reported stumpage prices resulting from 10 timber sales containing 1,424 MBF located throughout the state.

Missouri Timber Price Trends tracks market prices for Stumpage. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. These reports should serve as a general guide to track stumpage prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters will be able to provide information on current, local market conditions. Details of all private sales and delivered prices are kept confidential.

Editor's Note

Remember that one of the most valuable sources for information on log and timber markets is the local Missouri Department of Conservation Resource Forester or your Consulting Forester. Contact the nearest Forest District office for up-to-date, local advice. The Missouri Department of Conservation's Forestry Division, (573) 751-4115, will be happy to provide you with the name and address of the Resource Forester or MDC Regional Office nearest to you. You can locate a Consulting Forester by visiting the Mo. Consulting Forester's Association web site at: www.missouriforesters.com or by visiting the Private Land Assistance page of the MDC website <http://mdc.mo.gov/landown/> and clicking on the "Conservation Assistance Contractors" link.

Tom Treiman and Jason Jensen, Editors

Note: A "sale" often includes several different species so the number of sales may be less than the "# of Rpts." (number of reports) listed in the tables.

Tree Scale Conversion Factors

Sawlogs - Veneer Logs	Int'l = Doyle x 1.2
Pulpwood Pine	5,200 lbs/cord
Hardwood (hard)	5,600 lbs/cord
Hardwood (soft)	4,200 lbs/cord

Note: All prices and volumes are reported in International ¼" MBF Scale. To convert to Int.-BF prices or volume, divide by 1,000. To convert volume from Int.-MBF to Doyle MBF, divide by 1.2. To convert prices from Int.-MBF to Doyle MBF, multiply by 1.2.

MDC Compares Forest Management Options

Comparisons of Three Management Options For a 40-year old upland oak stand

Note: The figures used in these scenarios were accurate at printing time but may not represent all the variables found in your particular situation.

Case 1: Clearcut for chips at age 40 and allowed to regenerate to trees.

- Yield at 40 years: 50 tons of chips @ \$2.50/ton = \$125.00/acre
- Average annual return over 40 years: \$3.12/ac/yr

Case 2: First thinning at age 40 and thinned every 10 years thereafter, regenerated at age 90.

- 59.4 tons of chips @ \$2.50/ton = \$148.50/acre
- 13,390 board feet @ \$0.30/bf = \$4,017.00/acre
- Average annual return over 90 years: \$46.28/ac/yr

Case 3: Clearcut for chips at age 40 and convert to pasture.

Yield at 40 years: 50 tons of chips @ \$2.50/ton = \$125.00/acre

Costs of pasture establishment and maintenance (per acre):

- Land clearing: \$400
- Seed bed prep: \$45
- Lime and fertilizer: \$76
- Seed (fescue & lespedeza): \$20
- Annual topdressing (\$16/ac x 20 yrs): \$320

- Periodic liming (Every 4 yrs @ \$20): \$100
- Cash rent of improved pasture: \$23.00/ac/yr
- Average annual return over 20 years: \$29.25/ac/yr
- Average annual expenses over 20 years: \$48.05/ac/yr
- Net loss: \$18.80/ac/yr

Yields: Tons Board Feet

Age	Tons	Board Feet
Age 40	6.3	---
Age 50	11.0	---
Age 60	9.9	---
Age 70	10.2	---
Age 80	5.5	1,050
Age 90	16.5	12,340
Total	59.4	13,390

Missouri's Forest Action Plan

Missouri's Forests Sustain Our Quality of Life

Missouri's 15.4 million forested acres cover more than one third of our state. This precious resource provides us with clean air and drinking water, lumber and heat, habitat for an incredible diversity of plants and animals, myriad recreational opportunities and scenic beauty. Missouri forests are our connection to the past and the path to the future.

In today's fast-paced, high-tech world, we sometimes lose sight of the fact that it's our trees and forests that support our quality of life. But Missouri forests are under several threats and need our protection and management for continued health, longevity and benefits.

Managing Missouri's Woodlands for Future Generations

The Missouri Forest Action Plan assesses existing and possible management opportunities and threats. It is state-specific and has been developed with public and professional input to target resources and efforts efficiently and effectively.

There are three important themes in Missouri's Forest Action Plan:

1. Missouri's trees and forests contribute greatly to our quality of life. Additionally, depending on how they are managed, trees and forests offer tremendous potential to help meet many of our state's biggest social, ecological and economic challenges.
2. Our forests are changing rapidly, and how we address these changes will largely determine their capabilities in the future.
3. Missourians play a critical role in determining how Missouri's forests will look and function into the future.

Put simply, Missouri's Forest Action Plan is an evaluation of conditions, trends, threats and opportunities facing our forests. It's also a comprehensive strategy for sustaining these resources and the benefits and services we expect from them.

Improve Your Management and Rediscover Missouri's Majestic Woodlands

We hope to reacquaint Missourians with the trees and forests upon which we all depend, explore the forces that are changing them and highlight ways to ensure that future generations can enjoy the same forest benefits that we enjoy today. If you own forested land, we encourage you to learn how you can manage for increased economic and wildlife benefits and greater personal enjoyment. If you live in town, we encourage you and your family to rediscover the splendor of Missouri's majestic woodlands. Learn more by downloading and browsing the Missouri Forest Resource Assessment and Strategy PDF at:

<http://mdc.mo.gov/landwater-care/forest-management/forest-action-plan>.

An Economic Forecast for the Timber Industry, 2012-2013

By Bill Conerly Jan 2, 2012, 7:42 PM, Author's Website

Wood products demand is far more sensitive to the economy than demand for almost any other product. The outlook for the next two years is moderately positive, at least compared to the weak domestic markets we've seen since the downturn began. Log export markets look favorable, but with substantial risk deriving from Europe's financial crisis. The bottom line is that timber industry executives must plan for moderate

growth while protecting themselves from a possible recession.

This outlook focuses on macro-economic forces impacting timber, but not the micro-economic forces. We'll ignore some important issues, such as competition with Brazil for export markets and Canadian timber policy. These are important, but better covered by other experts. The key issues we'll address here include:

- Domestic wood products demand, housing starts
- Domestic wood products demand, remodeling
- Domestic wood products demand, non-residential construction
- Domestic wood products demand, industrial
- Export wood products demand

Housing starts will improve in 2012, but a small gain from a starting point of diddly squat leaves you only marginally above diddly squat. The problem with housing is simply too many houses. Upside-down mortgages, short-sales and foreclosures are merely symptoms of a problem: we built too many housing units in the boom, and then the growth rate of demand dropped off due to the recession. Right now the vacancy rate for both single-family homes and apartments is above long-run norms. Apartments are improving, however, as people who cannot make payments on their homes are moving into rentals. Construction of multi-family housing is improving, though from a very low base. Unfortunately for wood products demand, an apartment unit still uses less wood and panel than a single-family home. We'll eventually see a strong resurgence

in total housing starts, because current construction levels are well below our long-run needs. That won't happen, however, until we work off this excess supply, and that won't be in 2012. Things should look markedly better by the end of 2013, though.

Remodeling never turned down as much as new construction, but don't believe it's not cyclical itself. The Remodeling Market Index compiled by the National Association of Home Builders showed declines in activity every quarter from the end of 2005 through the present. Volume will pick up slowly, along with moderate economic growth, in 2012 and 2013. Don't expect big gains, though.

Non-residential construction will certainly improve someday, just not in 2012. We are underbuilding compared to our long-term need, but the recession clobbered demand for space. Over the next two years vacancy rates for all property types will gradually improve, but the bulk of the improvement in construction will occur after our two-year time horizon. The good news: it shouldn't get any worse.

Industrial demand for wood, such as for crates and pallets, typically correlates with manufacturing production. That has been trending upward at a moderate pace and should continue to improve through 2012 and 2013.

Export markets have been the brightest spot in the demand for logs, thanks to strong growth in China, Japan and South Korea. We have recently completed an economic forecast summary of those three countries, published on Forbes.com (China economic

forecast, Japan economic forecast, South Korea economic forecast). Here's the quick summary: all of these countries have positive economic forecasts, but all are at risk from a European recession. In addition, all three countries have appreciating currencies, which will make their exports harder to sell. (That's a positive to United States companies trying to sell into those markets, of course.) Both China and South Korea have been fighting inflation. That poses a risk of going overboard and triggering a recession. China has seen home prices slip—some say plummet—but that is most likely a brief interruption rather than a long-term concern. Japan's economic forecast is dominated by rebuilding from the earthquake and tsunami. The reconstruction is a positive for the nation's purchases of wood products, but limited electricity and supply chain interruptions could stymie industrial activity, slowing demand for wood products.

The rest of the world will grow moderately—assuming that Europe does not collapse in a financial crisis. That's a big assumption. Right now I estimate the odds at 75-25 that Europe muddles through. Companies should make plans on the basis of moderate growth in timber markets, but also be prepared for another recession. How to do that?

Check out my article about recessions and business planning.

Area Available For Best Management Cost Share Expanded

Loggers and landowners can both benefit from a new Missouri Department of Conservation (MDC) pilot cost share incentive program called the Best Management Practices (BMPs) Conservation Innovation Grant (CIG). The grants are focused on encouraging timber harvesters to use good practices that protect soil and water on private land timber sales in 57 counties across the state. The counties available for the cost share opportunity are shown on the map below.

Best Management Practices were developed as a guide for loggers and landowners to combine safe logging practices with steps that will avoid damage to water quality and soil erosion associated with timber harvesting. By taking steps to learn the BMPs and implement them, the MDC hopes the Conservation Innovation Grant will encourage loggers and landowners to work together in maintaining the best possible forest health and productivity.

According to MDC Forest Program Supervisor, Jason Jensen, The grant is designed to be a partnership between loggers and

landowners as they do business together. If approved, the cost share directly pays loggers \$10 to \$20 per acre to use the BMPs and landowners receive \$5 per acre.

“The concept behind splitting the incentive is that the logger has the equipment to implement the BMPs and the responsibility for establishing erosion prevention measures and the landowner owns the property and is responsible for maintenance of the BMPs for a reasonable period of time,” Jensen said.

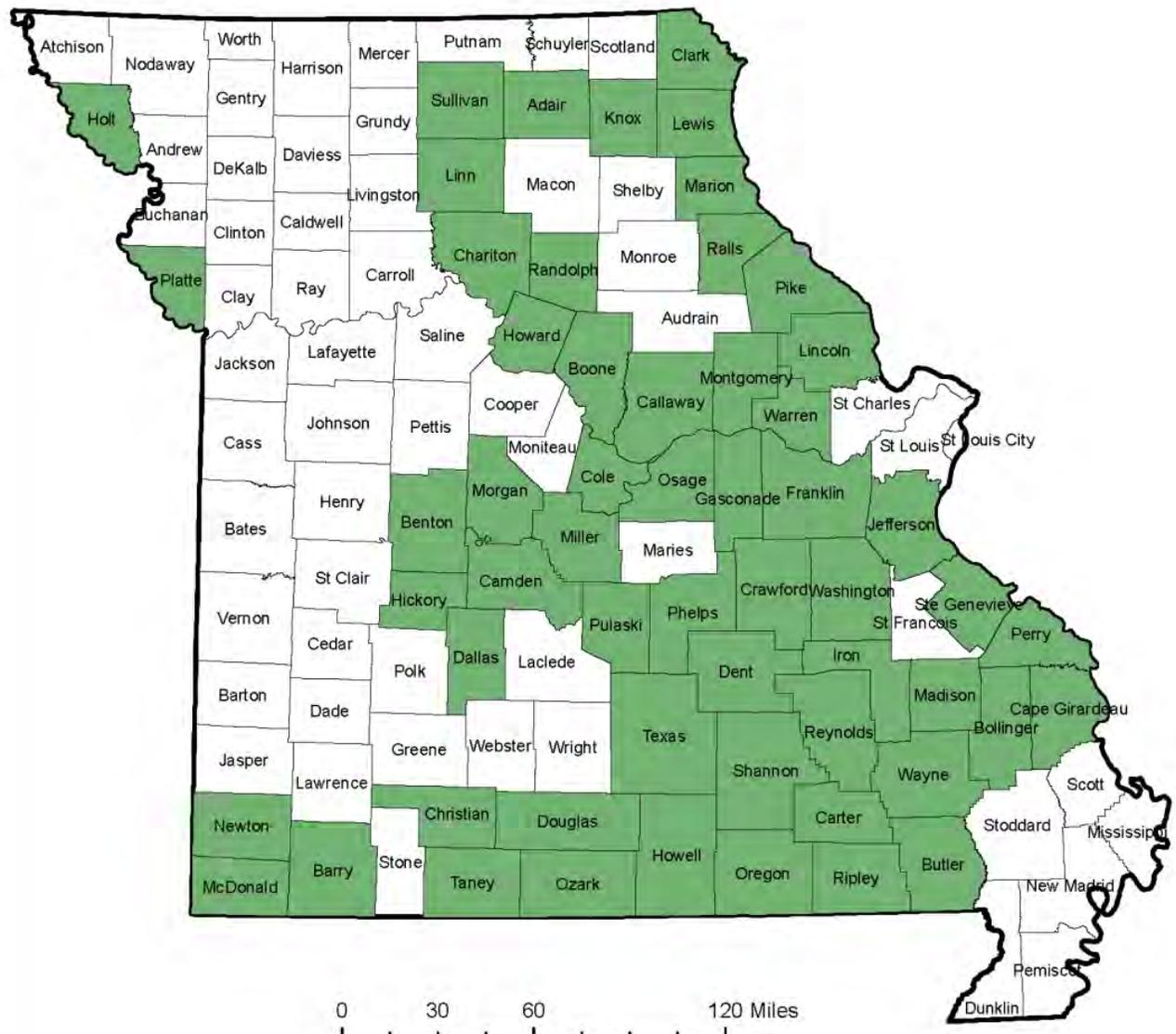
To participate, Jensen says loggers should sign up for the cost share program at their local MDC office. The program requires that the logger has been through the Professional Timber Harvester (PTH) course offered by the Missouri Forest Products Association or attend a BMP training class with the Department of Conservation.

To find a Department of Conservation office near you, go online to

www.MissouriConservation.org.

For a schedule of upcoming PTH training sessions go to www.moforest.org.

Counties Eligible for Forestry Best Management Practices Cost Share



Legend

Eligible Counties



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